

Message Text

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64

ACTION EB-11

INFO OCT-01 AF-10 ISO-00 SPC-03 AID-20 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 H-03 PA-04 PRS-01 USIA-15 DRC-01 /154 W

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R 141400Z JAN 74

FM AMEMBASSY NAIROBI

TO SECSTATE WASHDC 5099

INFO AMEMBASSY DAR ES SALAAM

UNCLAS NAIROBI 0338

E.O. 11652: N/A

TAGS: EFIN, KE

SUBJECT: KENYA SHILLING IS DEVALUED VIS-A-VIS DOLLAR

REF: NAIROBI 4283, JULY 2, 1973

1. CENTRAL BANK GOVERNOR RELEASED FOL STATEMENT EVENING
JANUARY 13:

A. QTE IN VIEW OF THE RECENT INTERNATIONAL FINANCIAL
DEVELOPMENTS, IT IS NO LONGER CONSIDERED APPROPRIATE TO
MAINTAIN THE SMALL REVALUATION OF THE KENYA SHILLING OVER
THE U.S. DOLLAR THAT WAS EFFECTED ON JUNE 30, 1973, FOLLOWING
THE DEPRECIATION OF THE DOLLAR AND THE CONTINUING
APPRECIATION OF MOST OTHER LEADING CURRENCIES. FROM THAT
DATE A CENTRAL RATE OF SH. 6.90 TO ONE U.S. DOLLAR HAD
BEEN ADOPTED.

B. QTE IT HAS, THEREFORE, BEEN DECIDED TO REVERT TO
THE PARITY RATE OF SH. 7.14286 TO ONE U.S. DOLLAR WITH
EFFECT FROM TODAY/(JAN. 14).

C. QTE IT IS UNDERSTOOD THAT SIMILAR ANNOUNCEMENTS
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ARE BEING MADE IN UGANDA AND TANZANIA. UNQTE

2. COMMENT: KENYA SHILLING THEREFORE IS BACK WHERE IT WAS PRIOR TO TWO SLIGHT 1973 REVALUATIONS ON MARCH 13 AND JUNE 30, HAVING LOST IN ONE STEP ITS TOTAL 3.5 PERCENT APPRECIATION VIS-A-VIS U.S. DOLLAR GAINED ON THOSE DATES. THE MOVE WOULD APPEAR LOGICAL STEP FOR GOK TO TAKE IN LIGHT OF RECENT DOLLAR IMPROVEMENT IN RELATION TO OTHER LEADING CURRENCIES. IT SHOULD HAVE MODERATE EFFECT IN MAKING KENYA'S EXPORTS AND TOURISM MORE ATTRACTIVE IN U.S. MARKET, AND INHIBITING PURCHASES FROM U.S. ANNOUNCEMENT HAS NO EFFECT ON EXCHANGE RATES BETWEEN KENYA SHILLING AND OTHER MAJOR WORLD CURRENCIES. LINDSTROM

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Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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US Department of State
EO Systematic Review
30 JUN 2005

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